

On Convention  
Assembly Chamber  
State Capitol

Sacramento

Tuesday Nov. 12<sup>th</sup> 1878

Convention met pres-  
sant to adjournment

President Logan in the Chair

The Roll <sup>was</sup> called and

The following members  
were absent

# Roll-Call of Delegates to the Constitutional Convention, 1878.

NAMES.	Ayes	Noes	NAMES.	Ayes	Noes	NAMES.	Ayes	Noes	NAMES.	Ayes	Noes
ANDREWS	1		FAWCETT	9		LAVIGNE	1		SHOEMAKER	3	
AYERS	1		FILCHER	30		LEWIS			SHURTLEFF	4	
BARBOUR	10		FINNEY	1		LINDOW	2		SMITH	5	
BARNES	2		FREEMAN	2		MANSFIELD	2		SMITH	6	
BARRY	3		FREUD	3		MARTIN	4		SMITH	7	
BARTON	4		GARVEY	4		MARTIN	5		SMITH	8	
BEERSTECHER	5		GLASSCOCK	5		MARTIN	5		SMITH	9	
BELCHER	6		GORMAN	6		McCALLUM	6		SMITH	10	
BELL	7		GRACE	7		McCOMAS	7		STEELE	100	
BERRY			GRAVES	8		McCONNELL	8		STEVENSON	1	
BIGGS			GREGG	108		McCOY	9		STRONG		
BLACKMER	8		HAGER	9		McFARLAND	10		STUART	2	
BOGGS	9		HALE	11		McNUTT	1		SWEASEY	3	
BOUCHER	10		HALL	4		MILLER	1		SWENSON	4	
BROWN	1		HARRISON	2		MILLS	2		SWING	1	
BURT	2		HARVEY	2		MOFFAT	3		TERRY	5	
CAMPBELL			HEISKELL	3		MORELAND	4		THOMPSON	6	
CAPLES	3		HEROLD	1		MORSE	5		TINNIN	7	
CASSERLY			HERRINGTON	4		MURPHY	6		TOWNSEND	8	
CHAPMAN	4		HILBORN	5		NASON	7		TULLY		
CHARLES	5		HITCHCOCK	6		NELSON	8		TURNER	9	
CONDON	6		HOLMES	7		NEUNABER	9		TUTTLE	10	
COWDEN	1		HOWARD	1		NOEL	1		VACQUEREL	1	
CROSS	7		HUESTIS	8		O'DONNELL	80		VAN DYKE	2	
CROUCH	8		HUGHEY	9		OHLEYER	1		VAN VOORHIES	3	
DAVIS	9		HUNTER	52		O'SULLIVAN	2		WALKER		
DEAN	20		INMAN	1		OVERTON	2		WALKER	4	
DOWLING	1		JOHNSON	2		PORTER	4		WALKER	1	
DOYLE			JONES	3		PROUTY	5		WATERS	5	
DUDLEY	2		JOYCE	4		PULLIAM	6		WEBSTER	6	
DUDLEY	106		KELLY	5		REDDY			WELLER	6	
DUNLAP	3		KENNY			REED	1		WELLIN	7	
EAGON			KEYS	6		REYNOLDS	7		WEST	8	
EDGERTON	4		KLEINE	7		RHODES	8		WICKES	9	
ESTEY	5		LAINE	8		RINGGOLD	9		WHITE	120	
ESTEE	6		LAMPSON			ROLFE	90		WILSON	1	
EVEY	7		LARKIN	9		SHELL	1		WILSON	2	
FARRELL	8		LARUE	60		SCHOMP	1		WILSON	3	
						SHAFTER	2		WINANS	4	
									WYATT	4	
									Mr. PRESIDENT	5	

AYES

NOES

Nov. 12

## Leave of absence.

Leave of absence was granted to Messrs Doyle, Strong, Sweazey, and Swenson for one day and for an indefinite time to Mrs. Lewis.

On motion of Mr. Shrestas the reading of the journal was dispensed with and the same approved.

## Petitions

By Mrs. Shoemaker, presented a protest from citizens of Nevada County - against taxing the stock of incorporation

Referred to the com-

24) Committee on Revenue and Taxation  
Mrs. (Shafter) (Shafter) presented a  
petition for female suffrage.

Referred to the Com-  
mittee on Right of Suffrage

Mrs. Smith, Susan Clara presented  
a petition for a local option  
Law.

Referred to the Com-  
mittee on Legislative Depart-  
ment.

Mrs. Beerstecher presented  
a <sup>protest</sup> petition from the San  
Francisco German Verein  
against the Establishment

5) of a State Deliberator  
Referred to the Committee  
on Legislative Department

On motion of Mrs. Steel the  
Convention resolved itself  
into Committee of the whole -  
President Hoze in the Chair -  
to consider the following  
article on Corporations  
reported by the Committee  
on Corporations other than  
Municipal. together with  
the minority report of  
same Committee

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Amendment.

No. 444,

RELATIVE TO CORPORATIONS OTHER THAN MUNICIPAL.

ARTICLE —

CORPORATIONS.

SECTION 1. Corporations may be formed under general laws, but shall  
2 not be created by special Act. All laws passed pursuant to this section may  
3 be altered from time to time, or repealed.

SEC. 2. Dues from corporations shall be secured by such individual  
2 liability of the corporators and other means as may be prescribed by law.

SEC. 3. Each stockholder of a corporation, or joint stock association,  
2 shall be individually and personally liable for his proportion of all its debts  
3 and liabilities.

SEC. 4. The term corporations, as used in this article, shall be con-  
2 strued to include all associations and joint stock companies having any of  
3 the powers or privileges of corporations not possessed by individuals or part-

4 nerships; and all corporations shall have the right to sue and shall be subject  
5 to be sued, in all Courts, in like cases as natural persons.

SEC. 5. The Legislature shall have no power to pass any Act granting  
2 any special charter for banking purposes; but corporations or associations  
3 may be formed for such purposes under general laws; but no corporation or  
4 association shall make, issue, or put in circulation any bill, check, ticket, cer-  
5 tificate, promissory note, or other paper, to circulate as money in this State,  
6 except the lawful money of the United States.

SEC. 6. All existing charters, grants, franchises, special or exclusive  
2 privileges, under which an actual and bona fide organization shall not have  
3 taken place, and business been commenced in good faith at the time of the  
4 adoption of this Constitution, shall thereafter have no validity.

SEC. 7. The Legislature shall not extend any franchise or charter, or  
2 remit the forfeiture of any franchise or charter of any corporation now existing,  
3 or which shall hereafter exist under the laws of this State.

SEC. 8. The exercise of the right of eminent domain shall never be so  
2 abridged or construed as to prevent the Legislature from taking the property  
3 and franchises of incorporated companies and subject them to public use the  
4 same as the property of individuals, and the exercise of the police power of the  
5 State shall never be so abridged or construed as to permit corporations to con-  
6 duct their business in such manner as to infringe the equal rights of individ-  
7 uals or the general well being of the State.

SEC. 9. No corporation shall engage in business other than that  
2 expressly authorized in its charter, or the law under which it may have been  
3 or may hereafter be organized; nor shall it hold any real estate for a longer



3  
4 period than five years, except such as may be necessary for carrying on its  
5 business, or which is incident thereto.

SEC. 10. The Legislature shall not pass any laws permitting the leasing  
2 or alienation of any franchise, so as to relieve the franchise or property held  
3 thereunder from liabilities of the lessor or grantor, lessee or grantee, con-  
4 tracted or incurred in the operation, use, or enjoyment of such franchise, or  
5 any of its privileges.

SEC. 11. No corporation shall issue stock or bonds, except for money  
2 paid, labor done, or property actually received, and all fictitious increase of  
3 stock or indebtedness shall be void. The stock and bonded indebtedness of  
4 corporations shall not be increased, except in pursuance of general law, nor  
5 without the consent of the persons holding the larger amount in value of the  
6 stock first obtained at a meeting called for that purpose, first giving sixty days  
7 public notice, as may be provided by law.

SEC. 12. The Legislature shall provide by law that in all elections for  
2 directors or managers of incorporated companies every stockholder shall have  
3 the right to vote, in person or by proxy, for the number of shares of stock  
4 owned by him, for as many persons as there are directors or managers to be  
5 elected, or to cumulate said shares and give one candidate as many votes as  
6 the number of directors multiplied by the number of his shares of stock shall  
7 equal, or to distribute them, on the same principle, among as many candi-  
8 dates as he shall think fit; and such directors or managers shall not be  
9 elected in any other manner.

SEC. 13. The State shall not subscribe to or be interested in the stock  
2 of, or in any manner loan its credit to, any person, company, association, or  
3 corporation.

SEC. 14. Every corporation organized or doing business in this State,  
2 under the laws or authority thereof, shall have and maintain an office or place  
3 in this State for the transaction of its business, where transfers of stock shall  
4 be made, and in which shall be kept, for public inspection, books in which  
5 shall be recorded the amount of capital stock subscribed, and by whom; the  
6 names of the owners of its stock, and the amounts owned by them respect-  
7 ively; the amount of stock paid in, and by whom; the transfers of said stock;  
8 the amount of its assets and liabilities, and the names and place of residence  
9 of its officers.

#### RAILROADS.

SEC. 15. All railroads, canal, and transportation companies shall be  
2 common carriers and subject to legislative control. Any association or cor-  
3 poration, organized for the purpose, shall have the right to construct and  
4 operate a railroad between any points within this State, and to connect at the  
5 State line with railroads of other States. Every railroad company shall have  
6 the right with its road to intersect, connect with, or cross any other railroad,  
7 and shall receive and transport each other's passengers, tonnage, and cars,  
8 loaded or empty, without delay or discrimination.

SEC. 16. No president, director, officer, agent, or employe of any rail-  
2 road or canal company shall be interested, directly or indirectly, in the fur-  
3 nishing of material or supplies to such company, or in the business of  
4 transportation as a common carrier of freight or passengers over the works  
5 owned, leased, controlled, or worked by such company.

SEC. 17. No railroad or other transportation company shall grant free  
2 passes, or passes or tickets at a discount, to any person holding any office of  
3 honor, trust, or profit in this State; and the acceptance of any such pass or

18  
4 ticket, by a member of the Legislature or any public officer, shall work a  
5 forfeiture of his office.

SEC. 18. No railroad company or other common carrier shall combine  
2 or make any contract with the owners of any vessel that leaves port or makes  
3 port in this State, or with any common carrier, by which combination or con-  
4 tract the earnings of one doing the carrying are to be shared by the other not  
5 doing the carrying.

SEC. 19. No discrimination in charges or facilities for transportation  
2 shall be made by any railroad or transportation company between places or  
3 persons, or in the facilities for the transportation of freight or passengers  
4 within this State, or coming from or going to any other State. Persons and  
5 property transported over any railroad, or by any transportation company or  
6 individual, shall be delivered at any station, landing, or port, at charges not  
7 exceeding the charges for the transportation of persons and property of the  
8 same class in the same direction to any more distant station, port, or landing.  
9 Excursion and commutation tickets may be issued at special rates.

SEC. 20. Three Railroad Commissioners shall be elected by the quali-  
2 fied voters of this State at the regular gubernatorial elections, and whose  
3 salary shall be fixed by law, and whose term of office shall be four years.  
4 They shall be qualified electors of this State, and shall not be interested in  
5 any railroad corporation, or other transportation company, as stockholder,  
6 creditor, agent, attorney, or employe, and the act of a majority of said Com-  
7 missioners shall be deemed the act of said Commission. Said Commissioners  
8 shall have the sole power, and it shall be their duty, to correct abuses by rail-  
9 road corporations or other transportation companies; establish rates of charges  
10 for the transportation of passengers and freight by railroad or other trans-

11 portation companies, and publish the same from time to time, with such  
12 changes as they may make; report to the Governor, annually, their proceed-  
13 ings, and such other facts as may be deemed important; hear and determine  
14 complaints against railroad or other transportation companies; affix penalties  
15 and enforce them through the medium of the Courts, and perform such other  
16 duties as may be prescribed by law. Nothing in this section shall prevent  
17 individuals from maintaining actions against any of such companies. It shall  
18 be the duty of the Legislature to confer all such further powers on the Board  
19 of Railroad Commissioners as shall be necessary to enable them to perform  
20 the duties enjoined on them in the foregoing sections.

SEC. 21. The State shall be divided into three railroad districts, as  
2 nearly equal in population as practicable, from each of which one of the three  
3 Railroad Commissioners shall be elected.

SEC. 22. Until the Legislature shall district the State, the follow-  
2 ing shall be the railroad districts: The First District shall be composed of the  
3 Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado,  
4 Humboldt, Lake, Lassen, Mendocino, Modoc, Napa, Nevada, Placer, Plumas,  
5 Sacramento, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trin-  
6 ity, Yolo, and Yuba, from which one Railroad Commissioner shall be elected.  
7 The Second District shall be composed of the Counties of Marin, San Fran-  
8 cisco, and San Mateo, from which one Railroad Commissioner shall be elected.  
9 The Third District shall be composed of the Counties of Alameda, Contra  
10 Costa, Fresno, Inyo, Kern, Los Angeles, Mariposa, Merced, Mono, Monterey,  
11 San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, Santa  
12 Barbara, Santa Clara, Santa Cruz, Stanislaus, Tulare, Tuolumne, and Ven-  
13 tura, from which one Railroad Commissioner shall be elected.

SEC. 23. The Legislature shall pass all laws necessary for the enforce-  
2 ment of the provisions of this article.

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## REPORT.

*To the Honorable President of the Convention:*

A minority of your Committee on Corporations other than Municipal, while agreeing in the main with the report of the majority herein, beg leave to submit their report recommending certain additional provisions and certain changes in the propositions recommended by the majority.

*First*—At the end of section three insert the following:

The president, manager, and directors or trustees of savings banks or trust companies, or any corporation for the deposit and loan of money, shall be individually and severally liable for any and all misappropriation of the funds intrusted to them, or any neglect or abuse in the administration of their trust.

*Second*—At the end of section five insert the following:

All laws passed pursuant to this section may be altered from time to time, or repealed. It shall be the duty of the Legislature to pass laws for the regulation and control of corporations formed under this section; to protect depositors of savings banks; to prohibit loans by the officers to themselves, or their partners, or the receipt by officers of commissions; to prohibit discriminations between borrowers on account of difference in the amounts borrowed; to prohibit exactions by attorneys of savings banks from intending borrowers; and to regulate by law the salaries paid the officers of savings banks.

*Third*—In section eight, after the word "companies," in line three, insert the words "at their own valuation, as made for the purpose of taxation."

*Fourth*—At the end of section twelve insert the following:

*Provided*, that coöperative societies may be formed under general laws, which may provide by by-laws of their own for limiting the representation of shareholders of their stock, and the number of shares that may be held; and the Legislature shall enact such laws as may be necessary for their faithful management and protection, and may limit the liabilities of their members.

*Fifth*—At the end of section fourteen insert the following:

It shall be the duty of the Legislature to regulate by law the dealing in shares of stock of corporations; to prohibit margin and time sales; to prevent wash or pretended sales; to prohibit and punish the circulation of false reports to affect the price of shares of stocks, and to punish and prohibit combining or pooling means for the purpose of inflating or depressing the price of shares of stocks.

*Sixth*—In section fifteen, after the word "control," in line two, insert the following:

Railways heretofore constructed, or that may hereafter be constructed in this State, are hereby declared public highways, and shall be free to all persons for the transportation of their persons and property.

*Seventh*—In section twenty, after the word "commission," in line seven, insert the following:

Said Commissioners shall have supervision of all railroads, other than street railroads, in this State; they shall have the sole power, and it shall be their duty, to establish rates of charges for the transportation of passengers and freight thereon, and publish the same from time to time, with such changes as they may make; they shall have power to correct abuses and violations of law by such railroad corporations or other transportation companies; to hear and determine complaints against such railroad corporation or other transportation companies, and affix penalties, and enforce them through the medium of the Courts; examine the books and papers of all such railroad corporations; administer oaths, and summon and examine witnesses; they shall report to the Governor, annually, their proceedings, and such other facts as may be deemed important; and shall perform such other duties, and shall have such further powers, as shall be imposed and conferred by law. Nothing contained in this section shall be held to deny the right of action against any such companies of any person or any other company. Each of said Commissioners shall receive an annual salary of three thousand dollars. They shall be allowed one Secretary, who shall receive an annual salary of one thousand eight hundred dollars.

CLITUS BARBOUR,  
WM. F. WHITE.

At Eleven O'Clock and  
fifty five minutes. The  
Committee arose, reported  
progress, and asked leave  
to sit again.

Recess.

At 12 O'Clock in  
the convention took a  
recess for two hours

Afternoon Session.

Convention re-assembled  
at two o'clock P.M.

President Hoge in the Chair.

~~Lesson~~ President.

On Motion of Mrs. Ester  
the Convention resolved itself  
into Committee of the whole -  
President Hoge in the Chair -  
to further consider the article  
in Corporations.

at five o'clock and two  
minutes P.M. the Committee  
arose, reported progress and asked  
leave to sit again.

~~at five o'clock and five minutes~~  
P.M.

~~Mr. Eugene Arnold & Co.~~  
~~a sep.~~

At five o'clock  
 and five minutes P.M.  
 in motion in motion  
 of Van Dyke the conven-  
 tion adjourned

CHICAGO, ILL.



11/12/78

D. C. GREGG